

## Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 05879 070407Z  
ACTION SS-25

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-----080462 070413Z /23  
P 070100Z JUL 77  
FM AMEMBASSY OTTAWA  
TO SECSTATE WASHDC PRIORITY 4015

C O N F I D E N T I A L OTTAWA 05879

EXDIS

DEPT PASS WHITE HOUSE FOR VICE PRESIDENT, SCHLESINGER,  
GOLDMAN; FEA FOR O'LEARY

E.O. 11652: GDS  
TAGS: ENRG, CA  
SUBJECT: TRUDEAU ON GAS PIPELINE DECISION

1. REVIEWED PIPELINE DECISION SCENARIO WITH PRIME MINIS-  
TER TRUDEAU JULY 6.
2. TRUDEAU SAID NEB DECISION CAUGHT HIM BY SURPRISE (HE  
HAD EXPECTED A WAFFLE), BUT MUCH SIMPLIFIES CABINET'S  
WORK. MACKENZIE VALLEY OPTION WILL NOT BE FORMALLY DROPP-  
ED, BUT UNLESS OUTSIDE FACTORS INTERVENE (READ U.S. OR  
SUCCESSFUL SUIT AGAINST NEB) CHOICE WILL BE BETWEEN ALCAN  
AND NO LINE. TRUDEAU CONFIRMED MY JUDGMENT THAT ALCAN  
WITH NEB-RECOMMENDED CONDITIONS COULD BE ADOPTED IN AUGUST  
WITH LITTLE CONTROVERSY, WHILE STRESSING THAT CABINET CON-  
SIDERATION IS ONLY BEGINNING AND THAT IT WOULD BE IMPROPER  
FOR HIM TO PREJUDGE ITS OUTCOME. NEITHER OF THE OPPOSI-  
TION PARTIES CAN OR WILL MOUNT A SERIOUS ATTACK ON ALCAN,  
HE BELIEVES.
3. TRUDEAU INDICATED THAT HE FEELS MORE VULNERABLE ON  
TIMING. HE AGAIN TODAY REBUTTED IN THE HOUSE DEMANDS BY  
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BOTH OPPOSITION PARTIES THAT CANADA ASK FOR A 90-DAY EXTEN-  
SION. BUT HE IS SENSITIVE TO CHARGES THAT THE NECESSARY  
EVALUATIONS ARE BEING DONE HASTILY AND SLOPPILY UNDER AN  
AMERICAN DEADLINE. HE PROBED IN VARIOUS WAYS FOR ANY  
INDICATION OF GIVE IN THE SCHEDULE.

4. I REPLIED THAT SCHEDULE HAD ALREADY BEEN SET BACK 90

DAYS (DURING DRAFTING OF ALASKA NATURAL GAS TRANSPORTATION ACT) TO ACCOMMODATE CANADA AND THAT AS FAR AS I KNOW PRESIDENT INTENDS TO KEEP SEPTEMBER 1 DEADLINE. MOREOVER, CANADIAN REQUEST FOR EXTENSION, IF UNACCOMPANIED BY AGREEMENT IN PRINCIPLE TO OVERLAND ROUTE, COULD LEAVE CANADIANS VULNERABLE TO CHARGE THEY CAN'T MAKE UP THEIR MINDS AND TILT DECISION TOWARDS ALL-U.S. LINE. TRUDEAU SAID HE COULD UNDERSTAND THAT.

5. TRUDEAU ASKED FOR EARLY WARNING OF ANY CHANGE IN THE U.S. TIMETABLE, SO THAT HE "DOESN'T KEEP PARLIAMENT HERE ALL AUGUST ONLY TO HAVE THE U.S. WALK AWAY FROM A DECISION." EVEN MORE IMPORTANT TO HIM WOULD BE ANY INDICATION OF LESSENED U.S. INTEREST IN AN OVERLAND LINE, "SO WE DON'T STAY HERE ALL SUMMER TO ADOPT AN OPTION YOU DON'T WANT."

6. COMMENT. ALTHOUGH TRUDEAU MAY WISH A DELAY FOR REASONS OF DUE PROCESS, HE NOW RECOGNIZES THERE IS NO POLITICAL IMPERATIVE FOR ONE.

7. SO FAR THERE IS NO EVIDENCE THAT THE CANADIANS ARE USING THE DEADLINE ISSUE TO GAIN A SUBSTANTIVE ADVANTAGE BY TRYING TO CREATE A TAKE IT OR LEAVE IT SITUATION. NO DOUBT SOME MINISTERS WILL TRY THAT WHEN THE BARGAINING BEGINS. BEST INSTRUMENT FOR GETTING FAST ACTION AND A  
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GOOD DEAL ON AN OVERLAND ROUTE IS OF COURSE TO HAVE A VIABLE ALL-AMERICAN OPTION IN RESERVE, AND TRUDEAU KNOWS THAT WELL. BUT TO AVOID MISUNDERSTANDING AND ENSURE CANADIAN ACTION WE SHOULD ALSO SIGNAL OUR PREFERENCES EARLY, IF POSSIBLE THIS MONTH. VEHICLE MIGHT BE A QUIET MEETING IN A NEUTRAL VENUE SUCH AS NEW YORK, BETWEEN ENERGY ADVISOR SCHLESINGER AND MINISTER ALLAN MACEACHEN, WHO CURRENTLY HEADS THE CABINET PIPELINE COMMITTEE.  
ENDERS

NOTE BY OC/T: OTTAWA 5879 NOT PASSED WHITE HOUSE OR FEA

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NNN

## Message Attributes

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**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
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